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MR. RICARDO'S SPEECH

ON THE SUBJECT

OF

COMMERCIAL TREATIES,

IN THE HOUSE OF COMMONS,

ON THE 25TH APRIL, 1843.

LONDON:

JAMES RIDGWAY, PICCADILLY.

1843.

SPEECH.

I AM well aware that the motion which I rise to bring forward has this disadvantage, that it is liable to be met, not so much upon its own merits, as upon the assumption of its being objectionable that the subject should be broached at all, while negotiations are in progress which this debate may materially influence; and I at once anticipate this objection because I feel that it is entitled to consideration. It is, Sir, not without much reflection that notwithstanding this circumstance I have persisted in my motion, upon the ground that if we were to wait until the war of tariffs, which is now bringing such great calamities on the commerce of the world, and more especially on our own, be brought to a conclusion, there would, I fear, be no opportunity in our life-time of joining issue on the question of retaliation at all; and that it would be ridiculous to wait until a system be spontaneously abandoned before discussing its impolicy. And we must not imagine that we can conceal our real position from foreign countries. We must not hide our heads and fancy that none can see us; we

must not suppose that it is not evident to all that the system of retaliation is more injurious to ourselves than to those towards whom we have adopted it ; that an adult commerce (if I may use the expression) requires more nourishment than a growing trade ; and that every restriction which we put upon the productions of our neighbours, re-acts with a double force on our own.

That this assertion is not unfounded hear what was said in the Chamber of the Brazils, that—

“ All the world knew that the interests of the English population were sacrificed to the interests of the English landowners and of the proprietors of West Indian estates.

“ All the world knew that the consumption of Brazilian sugar was prohibited in England, but that it was refined there and sent to the West Indies, in order that the planters of Jamaica and the other islands might be able to buy it at a very low price there, and in that way be able to send all their produce to England, to be sold at monopoly prices to the English people.

“ All the world knew that the interests of the English people were thus sacrificed ; but they had long been accustomed to submit to monopolies of all descriptions ; now, however, that the English population was becoming familiar with the discussion of such questions ; now that they saw the flagrant injustice of sacrificing the working and labouring classes to the proprietors ; now

“ that they saw that they were not allowed to taste
 “ the cheap sugars of the Brazils, but were restricted
 “ to the dear ones of the Antillas, whilst the West
 “ Indians were allowed to purchase Brazilian sugar
 “ at a low price, from this time it would be im-
 “ possible for the English Cabinet to maintain the
 “ interests of the aristocracy against those of the
 “ nation.”

This speaks for itself; and seeing that whatever objection may be made to the inconvenience of my motion will be in equal force at any other period; believing that nothing that can be advanced by your ambassadors or envoys, or stated in this House, can conceal, or add to the knowledgé of the fact, that Retaliation means neither more nor less than a determination on our part to consume dear wine, dear sugar, and dear corn, because other countries choose to buy dear manufactures, I trust that I may stand excused before the House if I persist in the course which I have adopted, and I will therefore at once proceed to state upon what that course is founded.

Last session in bringing forward his financial plan, the Right Honourable Baronet said:—

“ Now there are some very important articles on
 “ which we do not propose any reductions, partly
 “ from considerations of revenue exclusively, partly
 “ on this account, that we found on entering office
 “ there were negotiations pending with many
 “ States in respect to proposed commercial treaties,

“ and we have done all we could to continue these
 “ negotiations, commencing also with some other
 “ States.” The Right Honourable Baronet goes
 on to say:—“ Now, while these treaties are pend-
 “ ing, there are several articles, wine and brandy
 “ for instance, which would enter into discussions
 “ with these States, and with respect to the duties on
 “ which, therefore, I shall humbly advise the House
 “ not at present to make any material relaxation.”

These, Sir, are the passages on which I have
 founded my motion, and I shall, with your per-
 mission, quote a few more words which fell from
 the same Right Honourable Gentleman, to shew
 that I am not altogether discountenanced by him
 in the view which I am about to take of the prin-
 ciples of commercial policy. “ We have reserved
 “ many articles from immediate reduction in the
 “ hope that ere long we may attain that which we
 “ consider just and beneficial to all, namely, in-
 “ creased facilities for our exports in return. At
 “ the same time, I am bound to say that it is for
 “ our interest to buy cheap, whether other coun-
 “ tries will buy cheap or no. We have a right to
 “ exhaust all means to induce them to do justice,
 “ but if they persevere in refusing, the penalty is
 “ on us, if we do not buy in the cheapest market.
 “ I feel certain that the example of England,
 “ adopted at a time of commercial and financial
 “ difficulty — our determination to pursue our
 “ path in the right course, will operate on foreign

“ nations ; but if we find that our example is not
 “ followed, if we find that instead of reducing the
 “ duties on our manufactures they resort to the
 “ impolicy of increasing them ; still this ought
 “ not, in my opinion, to operate as a discouragement
 “ to us to act on these principles, which we
 “ believe to be sound. Those principles which
 “ will not only be immediately profitable to us,
 “ but the example of which will ultimately ensure
 “ that general application of them, which will
 “ confer reciprocal benefit on ourselves and all
 “ those who are wise enough to follow it.”

And this is my apology. I also think with the Right Honourable Baronet, that it is right to act on those principles which we believe to be sound ; and when I look upon the present state of the commerce of this country, when I consider its vast resources of wealth and population, and perceive that while the one cannot find adequate employment, the other is looked upon by a great many as a burthen rather than a source of wealth—when I couple the increase of our taxation and our burdens with the falling off in those legitimate sources of revenue which mark the popular power of purchase and consumption, I do think the time has come when we should no longer hesitate to acknowledge the necessity of giving extension to our markets and of adopting practically those doctrines which the Right Honourable Baronet and his colleagues have one and all theoretically avowed.

As civilization and refinement progressed, so have we adapted to them our social institutions, but through all the development of our capital, our population, our ingenuity, and our productive powers, the commercial institutions of this country have been on the same plan; and we have endeavoured to govern trade by our Custom House, rather than to take the necessities of our commerce as the foundation of our fiscal laws. We have carried a system invented in times when commerce was undervalued and misunderstood into our own age of intelligence and peace, and when the miserable results are before our eyes; we look to this interest and to that interest, to petty details and contemptible rivalries, rather than to a bold and direct revision of the whole structure.

Instead of making use of those elements of prosperity which we pre-eminently possess, we are contented to waste them, while by means of commercial treaties we are endeavouring to cobble and patch up commerce, which this very system is destroying. We think we can sell without buying, and in this idea we plunge into diplomatic intrigues, in which the party who succeeds the best, though he may be the best diplomatist, is certainly the worst political economist.

I know, Sir, that there are those who are apt to treat with ridicule those doctrines which they will not take the trouble to examine and understand; but I am proud to think and anxious to acknowledge

that my own convictions are founded on those of nearly all the great writers on commercial economy, and that the calculations of its theories are proved by the facts of our own experience.

I could quote very many high names in my favour, but I shall confine myself to two :—The first is a gentleman who was not appreciated in his lifetime, but who, since his death, which we must all deplore as a loss to the country, is received by every one as a great practical authority. Mr. Deacon Hume, in giving his evidence before the Import Duties Committee, was asked this question :—

“ When you speak of giving an example to Europe, do you believe that if England would remove those which are protective duties to cotton, or any other manufacture, that might induce the other nations of Europe to adopt a more liberal system of trade, and consequently lead to the admission of a larger portion of British manufactures?—I think it very probable that even such partial removals would have that effect; but I feel the strongest confidence that if we were to give up our protective system altogether it would be impossible for other countries to retain theirs much longer.” “ Would you remove our own protection without any Foreign Country removing theirs?—Most certainly,—without even asking them; I dislike treating with any Foreign Country upon any subject except navigation, and that for the reason that there would be waste in the matter of carriage be-

“tween different countries, it would end in the
 “ship always going empty one way; on both sides
 “this would be a dreadful waste, from which every
 “country would suffer in its commerce.—And again,
 “a ship in one place is a ship in another, there is
 “no difficulty in the comparison; but there is dif-
 “ficulty in comparing one description of goods
 “which one country makes with a totally different
 “description made in another, and equal terms can
 “hardly be made; but I feel quite confident if we
 “were entirely to drop our system of protection, in
 “a very little time it would be a race with other
 “countries which should be the first, or rather, which
 “should avoid to be the last to come in for the be-
 “nefit of that trade which we should then open.”

“Mr. Villiers.—Do you not consider a retalia-
 “tory duty as most adding to the injury which the
 “duty imposed by the foreign country occasions in
 “this country?—I have always thought so; I have
 “always disliked all treating in this matter; I
 “would take what I wanted and leave them to find
 “the value of our custom.”

“Chairman.—Then that principle you would ap-
 “ply generally to the commercial transactions of
 “this country?—Entirely so; I should make our
 “laws according to what I deemed best, which
 “would certainly be to give the freest possible in-
 “troduction to the goods of other nations into our
 “country, and I should leave others to take ad-
 “vantage of it or not as they thought fit. There

“can be no doubt that if we imported from any
 “country any considerable quantity of goods, and
 “the manufacture of that country were protected,
 “the producers of these goods which we took would
 “very soon find the great difficulty they had in get-
 “ting their returns, and instead of soliciting the
 “governments of those countries to admit our goods,
 “our advocates for that admission would be in the
 “country itself, they would arise from the exports
 “of the goods which we received.”

“Mr. Chapman.—It is your opinion that the trade
 “of this country would flourish more without the
 “intervention of commercial treaties with other
 “nations?—I think that we should settle our com-
 “merce better by ourselves, than by attempting to
 “make arrangements with other countries. We
 “make proposals to them, they do not agree to these.
 “We then, after that, feel repugnance to doing
 “that which we ought perhaps in the first instance
 “to have done of our own accord; and I go upon
 “the principle that it is impossible for us to import
 “too much, that we may be quite sure that the
 “export will follow in some form or other. And
 “that the making of the articles to be so exported
 “will be an employment infinitely more beneficial
 “to this country than that which may be thus
 “superseded.”

One more writer I may be permitted to quote, as
 the extract is not long, and very much to the purpose.
 Mr. Say, in speaking of commercial treaties says—

“ It is incontestable that a nation which deprives
 “ you of the faculty of trading with her, does you
 “ an injury. She deprives you of the advantages
 “ of external commerce, as far as regards herself,
 “ and consequently, if in making her fear for her-
 “ self an equal injury, you can determine her to
 “ break down the barriers she opposes to you,
 “ doubtless such a means may find approval as a
 “ purely political measure. But this reprisal
 “ which is prejudicial to your rival, is also pre-
 “ judicial to yourself. It is not a defence of your
 “ own interest which you oppose to an interested
 “ precaution taken by your rivals, it is an injury
 “ which you do yourselves, in order to do them
 “ another. You debar yourselves from useful
 “ relations in order to debar them from useful
 “ relations. It remains only then to ascertain up
 “ to what point you cherish vengeance, and how
 “ much you will consent that it shall cost you.”

He adds in a a note—

“ The colonies which rebelled at the beginning
 “ of this century (1800) such as La Plata, St.
 “ Domingo, or Haiti, have opened their ports to
 “ foreigners, they have insisted on no reciprocity,
 “ and they are richer and more prosperous than
 “ ever they were under the prohibitive system.
 “ The commerce and profits of the Havannah have
 “ doubled since by the force of circumstances, and
 “ contrary to the system of its metropolis, this
 “ Spanish colony has admitted all flags—the old

“ States of Europe resemble those obstinate peasants
 “ who persist in their routine and their prejudices,
 “ although they see around them the very good
 “ effects of a better and wiser conceived system.”

This was written by Monsieur Say nearly twenty-five years ago, and see the practical commentary on it now.—Spain, with the example of the Havannah before her eyes, drawing from thence resources even while her own are exhausted, is higgling with you for a treaty of commerce; and you, while endeavouring to shew her her bad political economy, are setting her the example of it. From this unhappy treaty have grown up jealousies and dissensions with other Powers, and I will venture to say, that there will be more jealousies, and more differences, and that you will come to no arrangement at last.

But if you want trade, and not treaties, admit freely the wines, and the oils, and the fruits, of Murcia, and Valencia, and Malaga, and Granada, and Seville, give free entry to the produce of the fertile soils of Arragon and Andalusia, and I will make bold to say, that these provinces, seeing their markets dependent upon the extension of yours, will be too strong for the monopolist manufacturers of Catalonia, backed though they be by the smugglers of the frontier, and the French manufacturers, by whom those smugglers are employed; and that a mutual interchange will take place without a treaty at all, but will be carried out on the statute books of England and of Spain.

But even allowing that I should be mistaken in supposing that if the interests of the whole of Spain besides should be set against those of the monopolist manufacturer, in spite of all, she should refuse to make any reciprocal concessions, I think the case of another great Power, with whom you are bargaining at this moment, is a positive proof that an increased trade and an increased revenue is independent of such concessions.

France has two staple commodities, brandy and wine; upon the first of these we have increased, upon the second we have lowered the duty.

Let us see the result. First, with regard to brandy. In 1801, the duty on French brandy was 11s. 1d. per gallon. The import was 2,499,491 gallons, and the revenue received upon it was £1,382,718,—the consumption per head being 0,15. In 1821, the duty was 22s. per gallon, at which rate it now remains.

In that year the quantity imported was	Gallons.	And the revenue raised on it.	Consumption per head.
1801	2,499,491	1,382,718	0,15
In 1831 . . .	1,268,198	1,338,167	0,05
" 1841 . . .	1,179,927	1,346,700	0,04

So that in 1801, with a duty of 11s. 1d., 16,338,102 people (for that was the number of the population of that year) paid rather more to the revenue than, with a duty of 22s. 6d., 26,700,000 people paid in 1841.

At the rate of consumption per head shewn in 1801, the quantity used by the population of 1841

would have been 4,006,750 gallons, and the revenue would have received £2,220,410 ; so that we have lost the opportunity of giving employment to labour in the manufacture of commodities to exchange for 2,826,823 gallons of brandy, and sacrificed £873,710 of revenue. So much for an increased duty. Now let us see what is the effect of lowering a duty.

In 1831, the duty on French wine was lowered from 7*s.* 3*d.* to 5*s.* 6*d.* a gallon.

The duty paid for consumption on French wine was—

		Gallons.	Revenue.
In 1831	on	254,366	£77,184
1832		228,627	62,331
1833		232,550	63,164
1834		260,630	71,131
1835		271,661	74,080
1836		352,063	96,534
1837		438,594	120,286
1838		417,281	113,992
1839		378,636	104,043
1840		341,841	96,756
1841		353,740	101,798
1842		382,417	110,055

But this is not all; when Lord Althorp in 1831 lowered the duties on French wine merely as a financial measure, and without reciprocal concessions at all, the value of our exports to France amounted to six hundred and odd thousand pounds, and in 1842 they had increased to between two and three millions.

This shews, as clearly as statistics can shew any thing, that it is our interest in every way to lower our import duties, without waiting for or demanding reciprocal concessions. And I will defy any body to prove from your army of blue books that an increase or decrease in our imports has ever failed in producing a corresponding increase or decrease in our exports.

But do not believe that France, as a nation, is not disposed to follow any example of commercial liberality which we may shew her.

I hold in my hand a copy of a memorial from the city of Lyons, presented to the King of the French, which bore the signature of upwards of 300 firms of that city.

I shall not quote the whole of this document, but I will read two extracts to shew the liberal commercial opinions of that great manufacturing town.

“Germany each day diminishes its purchases, because we refuse the greatest part of the commodities with which she could furnish us.” They finish by saying—

“Sire, if our interests were opposed to those of the country in general, to those of your Majesty’s great and wise policy, we should not dare to raise our voices, but we would suffer in silence; it is not so however. The line of policy which your Majesty has marked out for France is that of the progress of peace, of asso-

“ ciation with all nations, by means of exchanges
 “ of every kind. It is not that isolated policy
 “ which some wish to adopt, under the pretext of
 “ national protection, and the security of existing
 “ interests.”

We have an imposing term for this in England. We call them *vested interests*. St. Etienne has adopted the same course; and a similar memorial from that town in which the iron and coal productions are carried on, as well as the manufacture of ribbons, has been signed, and is about to be presented to Louis Philippe King of the French.

The Chamber of Commerce of Lyons have expressed nearly the same sentiments; and as far back as 1835, the Minister of Commerce, M. Duchatel, having issued a circular, requesting the opinions of the different towns, with regard to a contemplated change of import duties, Bordeaux, Marseilles, Lyons, Boulogne, Strasburg, Bar-le-duc, and one or two others pronounced themselves, through their respective Chambers of Commerce, if not in favour of free trade, at all events for a very liberal course of commercial policy.

In Portugal too the wine-growers of Oporto and Madeira, and the shipowners of Lisbon have loudly expressed their indignation at the ruin which is brought upon them for the sake of the manufactures, and, above all, the miserable cloth and fishery monopolies, upheld though they be by those high in station. And let me tell

Honourable Gentlemen opposite, that though in one country it may be the landowners, in another the manufacturers, who are oppressed by monopoly, in whatever country it may be, in whatever specious form, or under whatever delusive circumstances it may present itself, it is beginning to be universally acknowledged as a curse to the community, and the many who suffer are joined against the few who profit by it.

Now, Sir, let me point to the position of the three countries I have mentioned, in respect of commercial treaties with England. France, Spain, and Portugal have each the same staple product. Upon the wine and brandies of each is levied the same duty. By relaxing the charge upon the staple of one of these countries, you create a differential duty in its favour to the prejudice of the others, and it is therefore the interest of each to oppose any arrangement at all.

I know I shall be told that if you succeed in negotiating a treaty by which, in exchange for certain concessions, you reduce the duty on the productions of one country, those whose productions are of the same description must necessarily, on pain of the ruin of their trade, come to your terms. Now, without descanting on the obvious fact, that if their trade with you is ruined, your trade with them cannot be in a flourishing condition, I may perhaps be allowed to throw out a suggestion as to whether it would not be advisable to force at all

events two commercial treaties to a satisfactory conclusion; for, by entering into terms, good or bad, with Portugal, according to this reasoning France and Spain must necessarily follow. But recollect that there is another alternative, and that is a rupture with the prejudiced party. I do not say this will be the case, but it may; we have seen a war-cry raised on a worse pretext than this, and I ask you seriously to consider the risk, as well as the gain of a successful commercial negotiation.

Of course, Sir, I have no means of knowing, and the public service would probably be invoked against any information being given as to the probable termination of these negotiations, beyond what was furnished by the Rt. Hon. Baronet at the commencement of this day's proceedings, and which certainly is explicit as to the fate of two out of the four important treaties in agitation: But I must say that, seeing the small prospect which exists of any conclusion to these treaties, I cannot but regret that the Rt. Hon. Baronet ever gave importance to his reform of the tariff last year, by exciting our hopes with regard to a remission of import duties on certain foreign productions at all.

The incalculable mischief which has resulted from the uncertainty which prevails with regard to a change in the import duties on articles of great consumption is best exemplified by a return which was moved for by the Honorable Member for the City of London, being an account of the numbers of gal-

lons of Portugal wine on which the duties were paid in the United Kingdom in the several years ending the 5th January, 1840, 1841, 1842, and 1843, with the rate and amount of duty paid thereon, distinguishing each year.

Year ended 5 January,	Quantities charged with duty.	Amount of duty received.
1840	2,998,151 gal.	£823,875.
" " 1841	2,773,404 "	785,452.
" " 1842	2,481,345 "	715,950.
" " 1843	1,399,708 "	403,134.

Thus, in consequence of the declarations of the Rt. Hon. Baronet last year, there is in the quantity imported a diminution of 1,081,637 gallons, and a loss to the revenue of £312,816.

This is the natural result of making commerce dependent on uncertain and secret diplomatic negotiations; for no merchant can invest capital in stock, which is from day to day liable to depreciation, from a change in the duty charged upon it. But why should we not at once adopt a course which will avoid all these evils? Why not (to use the forcible language of the Right Hon. Baronet himself), boldly resolve to buy cheap, whether other nations consent to buy cheap or no?

Why not throw open our ports, saying to the whole world, bring hither your wine and your fruits, and your corn, and your coffee, and your sugar, without let or hindrance, and we will pay for them, (as only we can pay for them), with those commodities which we in our turn produce more economically than you.

Then will be written on the wall, in characters which they cannot misunderstand, that which was said by Adam Smith, and which has been repeated by every political economist who has followed him, that “it is the maxim of every prudent master of a family, never to attempt to make at home that which it would cost him more to make than to buy;”—and if they find a market open for their economical produce, but that there is a law at home, in the shape of an import duty, which prevents their making the most of that market, then it becomes the interest of every foreign merchant and every foreign man, to do his utmost to procure a repeal of that law—even as here in England, the agitation for free trade is occasioned by our seeing markets open to us, of which we are forbidden to avail ourselves.

Thus, Sir, you will create emulation amongst nations as to which shall have the best trade with us. The wines of Spain, and Portugal, and France, and Germany, and Italy, will be in the market against each other. The corn of Poland, America, and Spain, and Germany will meet in rivalry; capital will be diverted from competition to barter with us. That country which gives the greatest freedom to our trade will carry the greatest development of its own at the expense of the others; and, I contend, that each in its own defence must lower its import duties on our commodities, in proportion as they are lowered by the other, for

they would perceive that the only limit to their trade with us is that which their own import duties impose. And so let us acknowledge, that if we take care of our imports, our exports will take care of themselves; let us consider our own necessities, and be the first to see our own interest.

Lord Bacon said—"Time is the greatest innovator, and if time of course alter things to the worse, and wisdom and counsel alter them not for the better, where shall be the end?" If we go back to the old times when clumsy waggons toiled over rough and neglected roads, bringing goods manufactured by a slow and laborious process to the ports, where wooden sheds received them, thence to be transported into slow sailing and unsafe vessels, to convey them to undefined and doubtful customers; and then, recollecting that the millions which have been derived from trade have been re-invested in trade, expended in ports, and in docks; in building ships and machinery, and, as it were, shortening the space between our manufacturing and sea-port towns, and thence to our foreign markets; if we contrast what was with what is--if we compare the speculative venture of an age gone by, with the nicely calculated mercantile transaction of the present day, is it possible to defend the continuance of a system established for other wants, and under different circumstances, and say that it is adapted for our own? I believe that the trade of this coun-

try has outgrown the limits which were arbitrarily assigned to it. The mischief of uncertainty to which my motion points more particularly, is one of the many evils which must exist until the system in which it originates is abandoned altogether; and I implore this House not hastily or unthinkingly to decide against a principle, which I believe to be the only one which can reanimate industry, and restore the equilibrium of our commerce. I now beg leave to move—

“ That an humble address be presented to Her Majesty, respectfully expressing the opinion of this House—that it is not expedient that any contemplated remission of Import Duties be postponed, with a view of making such remission a basis of commercial negotiations with Foreign countries.”

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